

CHAPTER NO. 695

SENATE BILL NO. 2584

By Burks

Substituted for: House Bill No. 2126

By Buck, Bone

AN ACT To amend Tennessee Code Annotated, Title 7, Chapter 59 and Title 65, Chapter 29, relative to telephone cooperatives.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 65, Chapter 29, Part 1, is amended by adding the following as a new, appropriately designated section:

65-29-1____. Notwithstanding any provision of law to the contrary, in any cooperative organized under this chapter which provides service in five (5) or more counties, including a county containing and physically divided by a United States government corps of engineers dam and reservoir project of thirty-four thousand (34,000) acres or more, and which serves less than twenty thousand (20,000) subscribers as of April 15, 1986, the board of directors of such cooperative must give notice to members of the cooperative that at the next annual or special meeting such board of directors is filing a stock merger registration statement with the United States Securities and Exchange Commission or is taking other lawful measures to convert to or merge with a for-profit entity. Such notice to the members shall be published once a week for four (4) consecutive weeks in a newspaper of general circulation in each county served by the cooperative with the last notice being at least three (3) weeks prior to the meeting. Such notice of meeting shall be at least one-fourth (1/4) of a page in size and include an estimate of the monies the board would expend to effectuate the merger. The members shall then vote as to whether such stock merger registration statement may be filed or whether the board may take other appropriate measures to convert to or merge with a for-profit entity. In order for a membership approval to be valid, at least ten percent (10%) of the membership of the cooperative must vote and a majority of the voting members must vote in favor of submitting a registration statement or other valid measure to convert to or merge with a for-profit entity. If the majority approves such filing or approves taking further appropriate action toward converting to or merging with a for-profit entity, then the board may make the appropriate registration statement filing with the United States Securities and Exchange Commission or, in cases where a filing is unnecessary, may take further appropriate action. Once such filing is made effective by the United States Securities and Exchange Commission or such further appropriate action was taken, then the proposition for the conversion with or merger of a cooperative with a private corporation or other for-profit entity, and the proposed articles of conversion or merger approved by the board of directors of the parties to the proposed conversion or merger, shall then be submitted to a vote of the members of such cooperative at any annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed conversion or merger including an estimate of the monies expended to effectuate the conversion or merger. The notice of such meeting shall also be published once a week for four (4) consecutive weeks in a

newspaper of general circulation in each county served by the cooperative with the last notice being at least three (3) weeks prior to the meeting. Such notice of meeting shall be at least one-fourth (1/4) of a page in size. The notice of the scheduled vote shall also be mailed in the members' monthly telephone bill one (1) month prior to the election. Any election to convert or merge such cooperative shall be held at least ninety (90) days after the date the election at which the membership approved the filing of a registration statement or other appropriate measure for conversion or merger is held and shall be held on voting machines and under the supervision of the election commission in the county where the principal office of the cooperative is located. The voting machines for any such election shall remain open for nine (9) full hours from 8:00 A.M. until 5:00 P.M. Any election contest pursuant to this subdivision shall be filed and tried by the criminal court of the county where the election occurs. The board of directors is hereby authorized to contract with any county election commission, or the employees thereof, affected by the terms of this subdivision for the purpose of holding an election pursuant to the provisions of this subdivision. Any election as to whether to convert to or merge with a private corporation or other for-profit entity shall also be conducted at an annual or special meeting that is held on a Saturday. The proposed conversion or merger and the proposed articles of conversion or merger shall be deemed to be approved upon the affirmative vote of not less than two thirds (2/3) of those members of the cooperative voting thereon at such meeting.

SECTION 2. This act shall not be construed as prohibiting the membership of a cooperative from amending the cooperative's bylaws to have more restrictive voting requirements to convert or merge into a for-profit entity than provided for under this act.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.


SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 3, 2000


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 9th day of May 2000


DON SUNDQUIST, GOVERNOR